# AN ANALYTICAL STUDY OF UNIFIED PAYMENT INTERFACE SERVICE PROVIDED BY NATIONAL PAYMENT CORPORATION OF INDIA

**(With special reference to Parbhani district)**

A Synopsis submitted for Ph.D. Registration in Commerce

**Submitted to**

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**For the Degree of Doctor of Philosophy (Ph.D.)**

**Under the faculty of commerce in the subject of Commerce**


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## Introduction:

The landscape of India's financial sector is changing as anywhere, anytime-banking, using different channels and technology, will bring a multi-fold increase the reach of technology to rural and remote areas. E banking is the need of the hour. E-banking in India has to confront a lot of challenges. The government is introducing regulatory measures from time to time to ensure reliability and security, but introduction of technology is not enough. Finland was the first country in the world to have taken a lead in E-banking. In India, it was an ICICI bank, which initiated to introduce E-banking as early as 1997 under the brand name Infinity

Revolution in the information technology has made the Indian economy steady inroads into the-banking institutions and has brought about a significant change in many aspects in the form of computerization of transactions and new delivery channels such as Internet banking, Mobile banking, Telephone-banking, Automated Teller Machine (ATM), Smart Cards, Debit cards, Credit Cards, E-Cheque, Electronic Transfer Fund (ETF), Electronic Clearing services (ECS), Electronic Data Interchange (EDI), etc. Apart from a several leading private players, SBI and Central Bank of India are the major public players in the-banking sector. Despite the fact that in the Indian Banking Industry public sector banks have huge network, infrastructure and customer base, still its performance is low for e-banking services as compared to its counterpart in the private sector. Therefore, the present study is an attempt for An Analytical study of Unified Payment Interface service Provided by National Payment Corporation of India (With special reference to Parbhani district)

This study brings out the existing picture of Unified Payment Interface (UPI) and evolution of e-banking services provided by both nationalized and private sector banks in Parbhani district and its role in the banking sector

## National Payment Corporation of India(NPCI)

National Payments Corporation of India (NPCI), an umbrella organization for operating retail payments and settlement systems in India, is an initiative of Reserve Bank of India (RBI) and Indian Banks' Association (IBA) under the provisions of the Payment and Settlement Systems Act, 2007, for creating a robust Payment & Settlement Infrastructure in India.

Considering the utility nature of the objects of NPCI, it has been incorporated as a "Not for Profit" Company under the provisions of Section 25 of Companies Act 1956 (now Section 8 of Companies Act 2013), with an intention to provide infrastructure to the entire Banking system in India for physical as well as electronic payment and settlement systems. The Company is focused on bringing innovations in the retail payment systems through the use of technology for achieving greater efficiency in operations and widening the reach of payment systems.

The ten core promoter banks are State Bank of India, Punjab National Bank, Canara Bank, Bank of Baroda, Union Bank of India, Bank of India, ICICI Bank, HDFC Bank, Citibank N. A. and HSBC. In 2016 the shareholding was broad-based to 56 member banks to include more banks representing all sectors.

NPCI, during its journey in the last seven years, has made a significant impact on the retail payment systems in the country. Dedicated to the nation by our former President, Shri Pranab Mukherjee, endorsed by the Hon'ble Prime Minister, Shri Narendra Modi and later made the card of choice for the ambitious Pradhan Mantri Jan Dhan Yojana, RuPay is now a known name. With Immediate Payment Service (IMPS), India has become the leading country in the world in real time payments in retail sector. Needless to mention, National Financial Switch (NFS) and Cheque Truncation System (CTS) continues to be the flagship products of NPCI. Unified Payments Interface (UPI) has been termed as the revolutionary product in payment system and Bharat Bill Payment System (BBPS) has also been launched in pilot mode. The other products include RuPay Credit Card, National Common Mobility Card (NCMC) and National Electronic Toll Collection (NETC). With these

products the aim is to transform India into a ‘less-cash’ society by touching every Indian with one or other payment services. With each passing year we are moving towards our vision to be the best payments network globally.

**Unified Payments Interface (UPI)**

Unified Payments Interface (UPI) is a system that powers multiple bank accounts into a single mobile application (of any participating bank), merging several banking features, seamless fund routing & merchant payments into one hood. It also caters to the “Peer to Peer” collect request which can be scheduled and paid as per requirement and convenience.

With the above context in mind, NPCI conducted a pilot launch with 21 member banks. The pilot launch was on 11th April 2016 by Dr. Raghuram G Rajan, Governor, RBI at Mumbai. Banks have started to upload their UPI enabled Apps on Google Play store from 25th August, 2016 onwards.

## Significance of the study:

Banks in India need to be complimented on the inculcation of technology in a large way in their day-to-day operations. Credit must be given to Indian Banks who have brought on the new wave of techno-banking in the country. In the span of the last two decades, customers of banks have felt the positive impact of technology solutions implemented by banks. A variety of cards, Automated Teller Machines, electronic based funds transfers, Core-banking, Mobilebanking, Unified Payments Interface (UPI) are all some of the latest technology based financial services, which have gained large acceptance amongst the Indian banking public. The traditional branch model of the bank is now giving place to an alternative delivery channel withUnified Payments Interface (UPI) and ATM network. Once the branch offices of bank are interconnected through terrestrial or satellite links, there would be no physical identity for any branch. It would a borderless entity permit anytime, anywhere and anyhow banking. It is a convenient system for both that is customer and bank too. Today bank will mainly focus on Digital banking services which are effective for the customer to use. The

present study is an attempt for An Analytical study of Digital banking services provided by Nationalized & Private sector banks in Parbhani District. This study brings out the existing picture of Unified Payments Interface (UPI) services provided by both nationalized and private sector banks with the application of National Payments Corporation of India (NPCI)in Parbhani district and its role in the banking sector. Banking through electronic channels has gained increasing popularity in recent years. UPI provides alternatives for faster delivery of payment service up to 1 lakh per day. UPIreaps benefits for both banks and its customers. The importance of the present study lies in the fact that an attempt will be made to find out the success of UPIservice provided by nationalized and private sector banks in Parbhani district.

## OBJECTIVES:

Following are the specific objectives of the study.

1) To know the evolution of banking payment system towards cashless system.
2) To study the concept and process of UPI.
3) To evaluate the UPI users in Parbhani district.
4) To examine the socio-economic condition of UPI Customer.
5) To discuss and explore the problems & prospects of UPI to the Users.
6) To study the performance of the UPI.
7) To examine the factor's which are responsible for lack of awareness of UPI.

## Hypothesis:

The present study aims at testing the following hypotheses.

**H1.** Unified Payments Interface (UPI) services are not popularized.

**H2.** Satisfaction level of Unified Payments Interface (UPI)users for service quality of UPI, Reliability & Responsiveness, Assurance and Security is trustworthy.

**H3.** The Reserve bank of India and Government of India is taking too much interest in cashless economy with the help of National Payments Corporation of India (NPCI)

## RESEARCH METHODOLOGY:

The present study will depend upon primary and secondary data,The data will collected by using following sources

### Primary data:

The primary data will be collected with the help of field survey, observation, well structured questionnaire, Interview with the beneficiaries and the customers and discuss with the officials for getting accurate information

### Secondary data:

Apart from collecting information from primary sources, secondary data will be collected from Niti aayog survey, Governmental and other publications, Economic survey of India, Journals, and Published data, Magazines, Websites, News papers, Research studies and other relevant documents.

### Sampling:

#### Sample Size:

The sample design will be adopted by convenience sampling method for the selection of UPI users. The focus of this research is on the UPI users from Parbhani District. We have taken 1200 users from various age groups, communities and different localities.

### Statistical tools and techniques :

The research is based on both empirical and analytical study on the basis of selected samples for the research and sampling method used will be purposive sampling method, The study use both primary and secondary data.

**Limitation and study period:**

**Period of the study:**

The observations are made from the data for the years 2014-15 to 2020-21 to arrive at the conclusions. The period of the study is 07 years.

**Limitations of the study:**

The limitation of the study will be as follows-

1. The study is restricted to only nine taluka's of Parbhani district only.
2. The study is concerned only with banks tied with National Payments Corporation of India (NPCI) in Parbhani district. The other banks are not covered.
3. Co-operative banks are also excluded for the study purpose.
4. The study is purely based on perceptions of Digital banking service UPI users and Bank Managers.
5. Financial Performance of the banks is also not studied

**PRAPOSED CHAPTERLAYOUT:**

1) Introduction.
2) Review of literature andResearch methodology.
3) Profile of Parbhani district.
4) Procedural Functions of NPCI
5) Problems and Prospects of UPI users.
6) Analysis and interpretation of data.
7) Findings, Suggestionsand Conclusions.

Research Guide — Research Student

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